



California Farm Bureau Federation

DEPARTMENT OF ENVIRONMENTAL ADVOCACY

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Lester Snow
Executive Director
CALFED Bay/Delta Program
1416 Ninth Street, Suite 1155
Sacramento, CA 95814

Re: Refinement of Ten Alternatives/Scoping

Dear Lester:

The California Farm Bureau Federation ("Farm Bureau") offers the following comments to assist Cal-Fed analyze and refine the ten draft alternatives. These comments also supplement and formalize our comments made at previous workshops and scoping sessions for the environmental review process.

Farmers and ranchers throughout California depend upon the waters of the Sacramento and San Joaquin Delta/San Francisco Bay ("Bay/Delta") to maintain their livelihood and to provide the food, fiber, nursery products, open space, wildlife habitat and tax base we all depend upon. Farm Bureau is the largest agricultural organization in California, representing more than 70,000 families--more than 80% of the state's commercial farmers and ranchers. These farm and ranch families that we represent throughout the state use water from nearly all the watercourses in the Sacramento and San Joaquin valleys, including small and large private diversions, as well as the state and federal projects and many groundwater basins. Farm Bureau also represents farmers and nurseryman in southern California and the high desert who depend upon water from Metropolitan Water District and the California aqueduct.

For many years Farm Bureau has strongly advocated for a comprehensive solution to the delta that will address the water needs and demands throughout the state. The mission of the Cal-Fed program to a large degree embodies our vision "to develop a long-term comprehensive plan that will restore ecological health and improve water management for beneficial uses of the Bay/Delta system." It is our belief that a comprehensive solution to the delta must address six major categories of actions, all of which are closely related and critical to the success of this solution. These broad categories are the protection of water rights, a delta conveyance, delta standards and habitat, water supply planning, water transfers, and financing.

The ten alternatives compiled by Cal-Fed are a good starting point to define a comprehensive solution. Rather than focusing upon the alternatives, which are somewhat arbitrary at this time, we believe that the proper focus needs to be on the individual components that make up the alternatives. We will therefore comment on certain key components of the alternatives in the context of the six major categories described above. Since the description of components are very general at this time, our comments will be equally general and will need to be refined as more detail is given to the components.

A. Water Rights Must be Protected

The most fundamental component for the success of Cal-Fed is that water rights must be recognized, respected, and protected. The "Principals for Agreement on Bay/Delta Standards Between the State of California and the Federal Government," specifically provides that the water rights priority system and the statutory protections for areas of origin must be followed. Although a determination of water rights is reserved for the State Water Resources Control Board, the success of the Cal-Fed process hinges upon the recognition of these rights in more subtle ways. Two of the solution principles are directly applicable to water rights: reducing conflicts and no significant redirected impacts. The review process during Phase II must not only analyze this issue, but also assure that water rights and their attendant environmental benefits are not significantly affected or impacted by any component or alternative.

The protection of water rights and areas of origin are particularly acute with respect to agricultural water rights in the delta. Another area of concern is conjunctive use of surface and groundwater, which like many other water issues, always sounds good in concept, but tends to create significant concerns for many parties upon closer scrutiny. Farm Bureau believes that conjunctive use should be a core action and therefore part of every alternative. It is important to recognize, however, that conjunctive use cannot serve as a complete substitute for the storage of surface water and a conjunctive use program cannot adversely affect landowners ability to use the high quality of groundwater that is available in most parts of the state.

We therefore urge Cal-Fed to recognize that the first concern in formulating and implementing a comprehensive solution, and the fundamental tenet that must guide this process, is the protection of water rights throughout the state.

B. Delta Conveyance

Any alternative for a long-term delta solution must include a mechanism to efficiently move water from north of the delta to south of the delta. This type of component is essential to assure reliable deliveries to water users south of the delta.

We are encouraged by the numerous mechanisms contained in the list of alternatives that would facilitate conveyance and more efficient water management in the delta. The challenge is now to refine this mechanism to assure the protection of delta agriculture and other water right holders while satisfying the water quality and habitat requirements in the delta. To assure that adequate review is conducted during Phase II, we urge Cal-Fed to structure the short list of alternatives to include two through-delta conveyances, a dual-delta conveyance, an isolated conveyance, and one alternative with no delta conveyances.

A delta conveyance must be the highest priority and if planned and implemented properly, will not only satisfy all of the objectives described in our framework, but in conjunction with the other actions discussed in this letter, will serve as a comprehensive delta solution.

C. Bay/Delta Standards and Habitat

Water quality standards and certain habitat protections are necessary to develop a long-term solution for the delta. In our view, these standards and habitat protections must be core actions that are applicable to all alternatives. Extensive habitat protection as an alternative by itself, however, satisfies only one concern and will therefore fall well-short of the Cal-Fed goals to provide improved water management in the delta for all beneficial users of delta waters.

Additionally, like other water users in California, the use of water for habitat must be reasonable and be a beneficial use of the water. California cannot afford to dedicate more water for these purposes based on the simple proclamation that more water equals more fish. Efforts must be made in Phase II to gauge the actual benefits of providing additional water to these uses. This process is necessary for a sound alternatives analysis and to encourage future investment in these types of uses.

D. Water Supply Planning

California must begin to plan for an increased volume of water use in California. The intent of the Cal-Fed Bay/Delta Program is to fashion a long-term delta solution that will be durable through the year 2020. Cal-Fed is very well versed with the Department of Water Resources Bulletin 160-93, which anticipates a large and increasing water deficit in the state of California through the year 2020. Although Cal-Fed cannot solve all of California water problems, there must continue to be serious efforts in this process for California to balance its water budget rather than operating in a deficit mode.

Like any good budget, balancing will require changes in both the demand and supply side of the ledger. Last year's "Water Supply Planning Act" (SB 901), sponsored by Farm Bureau, recognized the need to balance our state's water budget and the need to have a linkage between supplies and demands. The implementation of this act is very important in conjunction with the Cal-Fed process. Any alternative must contain both demand and supply components to begin the process to balance the state's water budget.

Demand management is a critical part of any Cal-Fed solution and should be a core action that applies to every alternative. Farmers and ranchers throughout the state are committed to sound demand management practices. Evidence of this commitment is seen in the March 1994 "Policy Statement on Efficient Water Management for Conservation by Agricultural Water Supplies." A significant amount of resources were contributed to this policy statement by experts from throughout the state. The statement should therefore serve as a guide to determine feasibility and the ability to actually conserve water.

The notion of extensive demand management" in Alternative A is seriously flawed as both an alternative and with respect to its numerous components. Demand management at this magnitude will not satisfy the Cal-Fed mission nor its solution principles. As a technical matter, feasible demand management will not result in enough water to even put a dent in our state's water deficit. Moreover, there is no ability to assure that the water will be available at the place of need. The environmental review process in Phase II must analyze the potential effects and impacts of these proposals, including the effects of reducing recharge and return flows, which in many cases is the water that is reallocated under these proposals. There is also a grave concern that water users throughout the state have rights to these return flows that must be respected.

Our primary concern is that the reliance on land retirement in Alternative A and in every other alternative needs to be seriously questioned. There is no dispute that voluntary land retirement may be one of the options necessary to implement the long-term Cal-Fed solution, and in certain circumstances, land retirement makes sense. What is flawed in the analysis is the magnitude of land proposed for retirement and the manner in which retirement is dictated through this program. There is also a concern that the thought process that led to the inclusion of tremendous amount of acres in the retirement proposals is punitive in nature and fails to satisfy any of the six solution principles as part of the Cal-Fed program. These proposals also seem to be made in a vacuum and ignore the population projections made by the California Department of Finance and other entities projecting worldwide populations.

Agriculture is a critical part of California that began with early settlement and has since grown in relationship to population. If California and the world continues to populate at projected levels, then agricultural production will need to keep pace with this obligation. California is the world leader in agricultural production and will continue in this vein. California not only provides the food and fiber to California and the United States, but in 1994 California exported nearly 12 billion dollars worth of agricultural products. The future of California is linked to global markets, and since the world-wide population is expected to double within the next 30 years (95% outside of the United States), agricultural markets will continue to grow. Proposals to retire significant acreages of agricultural land is very short-sighted, and when considered in the broader context is ill-advised. The retirement proposals by Cal-Fed are akin to suggesting that we should solve the world's hunger problems by cutting off the food supply and starving the hungry people.

Cal-Fed needs to be candid and recognize that drainage is the problem with the lands in question, not the land. Most of the land at issue is good quality agricultural land if there is an adequate water supply and proper drainage. The changes that need to be made involve drainage. This is particularly true as the world continues to populate and the need for drainage solutions come more sharply into focus. We urge Cal-Fed to look into the future and to recognize the importance of good drainage.

It is also important to note that land retirement does not solve any of the problems, it only shifts to other areas. The increasing demands for agriculture have already been discussed. If certain land is retired on the west side of the San Joaquin Valley, for example, then the demand will dictate that other lands will be brought into production. When considered in this context, many of the lands proposed for retirement are best suited for agricultural production. This is particularly true when considering the numerous values of the other lands that will be subsequently brought into production.

Land retirement (and the other demand management tools) are particularly important issues for the environmental review process as part of Phase II. Land retirement will undoubtedly create significant effects on the environment, including air quality, groundwater recharge and other habitat values. We urge Cal-Fed to review this issue very closely.

On the other side of the equation, supply side improvements are necessary for a long-term delta solution. If implemented properly, these new water supplies will not only be available for traditional consumptive uses, but will also serve instream uses of water at the appropriate times of the year. A good example is the need for increased storage on the San Joaquin system to provide flows to meet the Vernalis standard. A long-term delta solution will need to have both new facilities and will

require reoperation of existing facilities.

E. Water Transfers

Any comprehensive delta solution must include the ability to transfer water. Geographically diverse transfers give the needed flexibility to California's water system and provide a mechanism which can work in conjunction with California's well established water laws and rights. It is important to note that for water transfers to be meaningful in California, water rights and areas of origin protections must be confirmed and respected throughout California, and a delta mechanism is necessary to efficiently move water throughout the state.

Although water transfers are an important component of any alternative, they cannot serve as a substitute for the long-term water supply planning that is necessary to meet our growing population. Water transfers are therefore not a demand management tool as often indicated, but instead are a critical link between water supplies and demands that should be a core action in the Cal-Fed process. As evidence of our commitment to water transfers, we have been working with the California Business Roundtable, the California Chamber of Commerce, and the California Manufacturers to fashion a "Model Water Transfer Act" that will move beyond the water transfer debates of the early 1990s, and instead, focus upon positive efforts that will protect water rights, provide a flexible mechanism to efficiently meet California's water needs, and to protect communities and other third parties. Although we believe that this model act will be part of the solution, the law is a relatively minor obstacle to water transfers in California--the real problem is the inability to move water through the delta. Water transfers should therefore be a core action in all alternatives, but in the broader perspective, it clearly showcases the need for a mechanism to efficiently move water from north of the delta to south of the delta, the importance of good water supply planning, and the need for strong water rights protections.

F. Financing

Farm Bureau lauds your efforts to consider financing issues concurrently with the alternatives. The success of any Cal-Fed solution will depend upon the ability to finance the necessary improvements. The ultimate financing solution will need to be a combination of federal funding, general obligation funding (such as SB 900) and several other creative mechanisms.

To encourage the discussion on financial issues, we have worked with the California Business Roundtable, the California Chamber of Commerce, and the California Manufacturers to sponsor a report entitled "Financing Options for Water-

Related Infrastructure in California," which will soon be released. The basic premise of the report is that a benefits approach is necessary to address the complicated financing issues in the delta. Although the benefits approach is not perfect from any perspective, its primary virtue is that it looks forward to resolve the difficult cost allocation issues in a positive light. The temptation has always been to point fingers and to blame certain parties for the state's water problems, which over the past several decades has resulted in no improvement in the delta from any perspective. The danger with a punitive or causation based approach is that all users are polarized and the consensual nature of the Cal-Fed process is seriously jeopardized.

To avoid this problem, we strongly urge Cal-Fed and the interested parties to take a hard look at the upcoming report and to strongly consider the virtues of the benefits-based approach discussed in the paper. We also urge Cal-Fed to continue with the approach described in the February 2, 1996 Draft Financial Strategy and to facilitate further discussion on this topic. In our view, the benefits approach is the only realistic way to retain a consensual approach to improvements in the delta.

G. Linkage

The linkages between the major components of a Cal-Fed solution are important and will shape the alternatives. We believe that the best way to refine the alternatives to a short list is to use the type of delta conveyance as the primary distinguishing feature of the alternative and to then add the core actions, essential elements, and other components that will complement the delta mechanism and round out the alternative.

The major outstanding issue that needs to be addressed in this process is the linkage between different components of the alternatives and the assurances that are necessary for the completion of any alternative. The Governor's 1992 Water Policy Statement very strongly suggested that:

"All major water user groups must recognize that no one sector can be allowed to get ahead of the others in meeting its needs. We must move step by step and each step must be linked to progress for every sector."

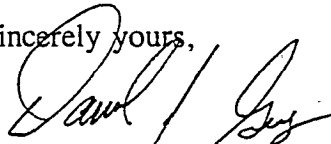
The manner in which the alternatives are currently structured provide for significant actions up front that do not directly benefit California agriculture. Although we want to support many of these actions, there are no assurances that once these initial programs are completed, the program will continue to move forward and there will be components that benefit agriculture. In other words, internal assurances are needed within each alternative to assure that all components of the alternative will in fact be satisfied. These assurances must include financing and guarantees that a particular

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alternative will be properly implemented.

We look forward to providing more detailed comments and to work with you in further refining these alternatives. If you have any questions, please do not hesitate to call.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "David J. Guy".

DAVID J. GUY

DJG/GL031196.001

cc: BDAC Members
CFBF Board of Directors
County Farm Bureaus